

**Economic Development
Existing Business Development**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,377,100	4,714,400	4,884,100	3,457,500	3,503,400
Salary Compensation Fund	90,800				
Base Deduction	-414,800				
Total General Fund	3,053,100	4,714,400	4,884,100	3,457,500	3,503,400
Restricted Funds					
Balance Forward	134,900				
Non-Revenue Receipts	212,700	210,000	210,000	210,000	210,000
Total Restricted Funds	347,600	210,000	210,000	210,000	210,000
Federal Funds					
Balance Forward	16,800	16,800	16,800	16,800	16,800
Current Receipts	155,400	155,400	155,400	155,400	155,400
Total Federal Funds	172,200	172,200	172,200	172,200	172,200
TOTAL SOURCE OF FUNDS	3,572,900	5,096,600	5,266,300	3,839,700	3,885,600
EXPENDITURES BY CLASS					
Personnel Cost	2,961,900	3,702,500	3,872,200	3,291,800	3,337,700
Operating Expenses	544,200	1,327,300	1,327,300	481,100	481,100
Grants, Loans or Benefits	50,000	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	3,556,100	5,079,800	5,249,500	3,822,900	3,868,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,053,100	4,714,400	4,884,100	3,457,500	3,503,400
Restricted Funds	347,600	210,000	210,000	210,000	210,000
Federal Funds	155,400	155,400	155,400	155,400	155,400
TOTAL EXPENDITURES	3,556,100	5,079,800	5,249,500	3,822,900	3,868,800
EXPENDITURES BY UNIT					
Small Business Advocacy	221,600	767,800	782,500	295,600	300,700
Executive Policy & Management	436,000	531,200	555,500	443,500	450,400
Small Business Services	1,002,300	1,199,300	1,245,900	1,038,600	1,049,900
Regional Offices	1,102,100	1,245,000	1,307,000	1,105,200	1,122,500
International Trade	794,100	1,336,500	1,358,600	940,000	945,300
TOTAL EXPENDITURES	3,556,100	5,079,800	5,249,500	3,822,900	3,868,800

The Department of Existing Business Development is responsible for the retention and expansion of existing businesses. It seeks to expand Kentucky's entrepreneurial capacity and to help communities realize their economic potential. The Department includes the Division of Small Business Services, the regional development offices and the Division of International Trade.

The Small Business Services Division promotes small business development through three entrepreneurial support programs:

- Business Information Clearinghouse serves as a centralized information source on business regulations; assists new and expanding businesses to secure licenses and permits; and acts as a referral service for government financial and management assistance programs.

- Kentucky Procurement Assistance provides technical assistance to businesses competing for federal and state government contracts.
- Small and Minority Business serves as a resource center for business owners/managers and establishes educational programs to address the needs of minority enterprises.

The regional economic development offices foster the retention and expansion of Kentucky's manufacturing and value-added business base. The Division has offices in Madisonville, Frankfort and Prestonsburg. Staff in these offices offer a statewide industry visitation program to help Kentucky's business and industry improve their competitive positions and to access state incentive programs. Regional staff also assist communities and local economic development groups to improve their business infrastructure and to develop industrial sites.

The International Trade Division enables Kentucky companies to become more competitive in global markets. The division emphasizes trade awareness and education. Staff provide assistance to Kentucky companies on trade-related issues and participate in trade missions. The division demonstrates how local economic development groups might develop trade assistance programs.

- The Kentucky Agricultural and Commercial Trade Office located in Guadalajara, Mexico, promotes exports of Kentucky manufactured goods, services, and agricultural products throughout Mexico. This office is funded and operated cooperatively by the Cabinet for Economic Development and the Kentucky Department of Agriculture.
- The Kentucky South America Trade Office located in Santiago, Chile, assists Kentucky companies in large and important markets throughout South America. The Chile Free Trade Agreement offers Kentucky export sectors improved market access and streamlined custom services to fast-growing Chilean markets.
- The Department expects to open a trade office in China during the fourth quarter of fiscal year 2006.

Policy

On June 17, 2005, Executive Order 2005-571 dissolved the Commission on Small Business Advocacy, created in KRS 11.200 and 11.202, in the Commerce Cabinet and recreated the Commission in the Cabinet for Economic Development. Commerce Cabinet General Fund appropriations for fiscal year 2006 were transferred to the Department of Existing Business Development to support the staff and operations of the Commission.

The Governor's recommended budget includes an additional \$100,000 each year to support the new China trade office. Increased support of \$50,000 each year is provided for the South America Trade Office. The funds are needed to compensate for changes in currency exchange rates and to allow staff in the Santiago office to travel to Kentucky at least once each year.

The Executive Budget includes \$150,000 each year to support a business development professional in Louisville who will work with aspiring minority entrepreneurs to build successful proprietorships. The Kentucky Economic Development Finance Authority shall make available \$300,000 in fiscal year 2008 for micro-business loans in the Small and Minority Business entrepreneurship program.